

**TIRNO-95-D-00062
Incurred Costs Audit for
Fiscal Year 2000**

October 2002

Reference Number: 2003-1C-008

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



INSPECTOR GENERAL
for TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

October 31, 2002

MEMORANDUM FOR DAVID A. GRANT
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

A handwritten signature in cursive script that reads "Daniel R. Devlin".

FROM: Daniel R. Devlin
Assistant Inspector General for Audit (Headquarters Operations
and Exempt Organizations Programs)

SUBJECT: TIRNO-95-D-00062 Incurred Costs Audit for Fiscal Year 2000
(Audit #200310002.001)

The Defense Contract Audit Agency (DCAA) has examined the contractor's Information Technology June 29, 2001, certified final indirect cost rate proposal and related books and records for reimbursement of Fiscal Year 2000 incurred costs. The purpose of the examination was to determine the allowability of direct and indirect costs and to establish audit determined indirect cost rates for January 1, 2000, through December 28, 2000. The proposed rates apply primarily to flexibly-priced contracts.

The DCAA considers the contractor's Information Technology Segment's accounting system to be adequate for the accumulation, reporting, and billing of costs on government contracts. The claimed direct costs are acceptable and are provisionally approved pending final acceptance. The DCAA questioned some of the proposed indirect rates, but these rates, as adjusted, are acceptable. Additionally, the DCAA qualified its audit report because results of the assist audits for the subcontract costs had not been received.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-8500 or John R. Wright, Director at (202) 927-7077.

Attachment

NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

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